Supreme Court
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No. OFFICE OF THE CLERK

In The

# Supreme Court of the United States

October Term, 1996

TAX ANALYSTS,

*Petitioner,*

*vs.*

U.S. DEPARTMENT OF JUSTICE and WEST PUBLISHING CO.,

*Respondents.*

*Petition for Writ of Certiorari to the United States Court of Appeals for the District of Columbia Circuit*

## PETITION FOR WRIT OF CERTIORARI

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59 pp

## QUESTIONS PRESENTED

1. Whether the intertwining of jurisdiction and merits in one federal statute, the Freedom of Information Act (5 U.S.C. § 552), requires a federal district court to grant discovery to the nonmoving party when a Fed. R. Civ. P. 12(b)(1) motion to dismiss is filed?

2. Whether an executive agency of the United States government and a government contractor may, through a contractual license, exempt from disclosure under the Freedom of Information Act public domain material processed for the agency by the contractor without proof that the material falls within any of the statute's exemptions?

3. Whether the Second Circuit's ruling in *ProCD v. Zeidenberg*, acknowledging a "shrinkwrap" license in proprietary software with public domain data, may be applied to uphold a government contractor's proprietary claims to public domain data in a government database, where the contractor used government software, absent proof of any proprietary element in the database?

## LIST OF PARTIES

The names of all parties to the proceedings in the Court whose judgment is sought to be reviewed here appear in the caption of the case. There is no parent or subsidiary company of any party to be listed.

## TABLE OF CONTENTS


| | Page |
|---|---|
| Questions Presented | i |
| List of Parties | ii |
| Table of Contents | iii |
| Table of Citations | vi |
| Opinions Below | 1 |
| Statement of Jurisdiction | 1 |
| Statutory Provision Involved | 1 |
| Statement of the Case | 2 |
| A. Significance Of The Underlying FOIA Action | 2 |
| B. Proceedings Below And Procedural Issues | 4 |
| C. The Factual Dispute | 7 |
| Reasons for Granting the Writ | 8 |
| I. The District Of Columbia Circuit's Ruling Conflicts With Long-standing Federal Law On The Issue Of Intertwining, First Enunciated By This Court In 1945. If There Is Intertwining In The Statute, The Doctrine Requires A Federal District Court To Afford The Added Protections | |

*Contents*

*Page*

Of A Fed. R. Civ. P. 12(b)(6) Or Rule 56 Standard When A 12(b)(1) Motion To Dismiss Is Presented, Especially When The Nonmoving Party Has Made Repeated Requests For Discovery. Remand Should Be Ordered. ..... 8

A. Summary ..... 8

B. Statement Of The Rule ..... 9

C. Intertwining Requires The Court To Afford To The Nonmoving Party The Added Protections Of A Rule 12(b)(6) Or Rule 56 Standard ..... 11

D. The Courts Below Erred By Allowing Discussion Of The License To Override The Effect Of Intertwining ..... 12

E. The Court Incorrectly Applied The Standard Of Review For A Denial Of Discovery As If Jurisdiction And Merits Were Not Intertwined In The FOIA ..... 12

II. The Decisions Of The Courts Below Permit Contracts Between Private Parties And The U.S. Government To Circumvent The FOIA. This Newly Sanctioned, Nonstatutory "Contract" Exemption To The FOIA Will Encourage Government Contractors To Use Licenses To Avoid The More Rigorous Burden Of Proof For The FOIA's Exemption From Disclosure Of Trade

*Contents*

*Page*

Secrets And Commercial And Confidential Information Under 5 U.S.C. § 552(b)(4). This Is In Clear Conflict With The Intent Of Congress When It Provided A Statutory Scheme For Exemption Under The FOIA In The Provisions Of Subsection (b)(4). ..... 14

A. The Decision Of The District Of Columbia Circuit Has Improperly Adopted A New, Nonstatutory Exemption To The FOIA For Private-Party Contracts ..... 14

B. The District Of Columbia Circuit Erred By Not Treating The Department Of Justice's Denial Of The FOIA Request As An Assertion Of A 5 U.S.C. § 552(b)(4) Exemption ..... 17

1. Summary ..... 17

2. The Department bears burden of proving that information sought by Tax Analysts qualifies for the subsection (b)(4) exemption ..... 17

3. The Department cannot sustain its burden of proof for the subsection (b)(4) exemption; the exemption does not apply to the JURIS database ..... 18

III. This Court Should Resolve The Conflict Created By The District Of Columbia Circuit's Decision

*Contents*

*Page*

Based In Part On *ProCD v. Zeidenberg* And The Seventh Circuit's Holding In That Case. As Dissemination Of Electronic Data And Software Are Becoming More Prevalent In Government Contracting, This Court Should Clarify The Legal Rule Governing A Private Contractor's Proprietary Rights In Public Domain Material In A Government Database. ..... 21

Conclusion ..... 23

## TABLE OF CITATIONS

**Cases Cited:**

*Ackerly v. Ley*, 420 F.2d 1336 (D.C. Cir. 1969) ..... 19

*Aronson v. Quick Point Pencil Co.*, 440 U.S. 257 (1979) ..... 21

*Augustine v. United States*, 704 F.2d 1074 (9th Cir. 1983) ..... 11

*Bell v. Hood*, 327 U.S. 678 (1945) ..... 9, 10

*Burnside-Ott Aviation Training v. United States*, 617 F. Supp. 279 (D.C. Fla. 1985) ..... 20

*Cleary, Gottlieb, Steen & Hamilton v. Dep't of Health and Human Services*, 844 F. Supp. 770 (D.D.C. 1993) ..... 18

*Contents*


*Page*

*Collins v. NY Central System*, 327 F.2d 880 (D.C. Cir. 1963) ..... 13, 14

*Crane v. Carr*, 814 F.2d 758 (D.C. Cir. 1987) ..... 13

*DeLorme Publishing Co. v. NOAA of U.S. Dep't of Commerce*, 917 F. Supp. 867 (D. Me. 1996) ..... 18

*Edmond v. U.S. Postal Service General Counsel*, 953 F.2d 1398 (D.C. Cir. 1992) ..... 13

*El-Fadl v. Central Bank of Jordan*, 75 F.3d 668 (D.C. Cir. 1996) ..... 6, 13

*Frazee v. U.S. Forest Service*, 97 F.3d 367 (9th Cir. 1996) ..... 18, 19

*Greenery Rehabilitation Society v. Sabel*, 841 F. Supp. 58 (N.D.N.Y. 1993) ..... 13

*Herbert v. National Academy of Sciences*, 974 F.2d 192 (D.C. Cir. 1992) .....6, 9, 10, 13

*Hill v. Gateway*, 105 F.2d 1147 (7th Cir. 1997) ..... 22

*Holt v. United States*, 46 F.3d 1000 (5th Cir. 1995) .. 11

*Jensen v. Johnson County Youth Baseball League*, 838 F. Supp. 1437 (D. Kan. 1993) ..... 10, 11

*Kamen v. American Telephone & Telegraph*, 791 F.2d 1006 (2nd Cir. 1986) ..... 13

*Contents*


| | Page |
|---|---|
| *Land v. Dollar*, 330 U.S. 731 (1946) ..... | 9 |
| *Matthew Bender & Hyperlaw, Inc. v. West Publishing Inc.*, 1997 U.S. Dist. LEXIS 6915 (S.D.N.Y. 1997) .... | 4 |
| *McGehee v. CIA*, 697 F.2d 1095, *aff'd in part and vacated in part on other grounds*, 711 F.2d 1076 (D.C. Cir. 1983) ..... | 16 |
| *Mortensen v. First Federal Savings and Loan Ass'n*, 549 F.2d 884 (3rd Cir. 1977) ..... | 6 |
| *National Parks and Conservation Ass'n v. Morton*, 498 F.2d 765 (D.C. Cir. 1974) ..... | 18, 19 |
| *9 to 5 Organization for Women Office Workers v. Board of Governors of Fed. Res. Sys.*, 721 F.2d 1 (1st Cir. 1983) ..... | 19, 20 |
| *Northwest Coalition for Alt. to Pestic. v. Browner*, 941 F. Supp. 197 (D.D.C. 1996) ..... | 18, 19 |
| *Petkas v. Staats*, 501 F.2d 887 (D.C. Cir. 1974) ..... | 19 |
| *ProCD v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996) ..... | i, 21, 22, 23 |
| *Public Citizen Health Research Group v. F.D.A.*, 704 F.2d 1280 (D.C. Cir. 1983) ..... | 18, 19, 20 |
| *Robles v. EPA*, 484 F.2d 843 (4th Cir. 1973) ..... | 20 |

*Contents*

*Page*

*Tax Analysts v. U.S. Dep't of Justice*, 845 F.2d 1060 (D.C. Cir. 1988), *aff'd*, 492 U.S. 136 (1989) ..... 6, 16, 17

*U.S. Dep't of Justice v. Julian*, 486 U.S. 1 (1988) .... 16, 17

*Wheeler v. Hurdman*, 825 F.2d 259 (10th Cir. 1987), *cert. denied*, 484 U.S. 986 (1987) ..... 9, 11

*Wilderness Society v. Griles*, 824 F.2d 4 (D.C. Cir. 1987) ..... 14

*Williamson v. Tucker*, 645 F.2d 404 (5th Cir. 1981) ..... 6, 9, 10, 11, 12, 14

*Worthington Compressors, Inc. v. Costle*, 662 F.2d 45 (D.C. Cir. 1981) ..... 19

**Statutes Cited:**

5 U.S.C. § 552 ..... i, 1, 9

5 U.S.C. § 552(a) ..... 9, 17

5 U.S.C. § 552(b) ..... 6, 17

5 U.S.C. § 552(b)(4) ..... 6, 7, 14, 17, 18, 20

5 U.S.C. § 552(c) ..... 15

28 U.S.C. § 1254(1) ..... 1

Pub. L. No. 104-231, 110 Stat. 2422 ..... 1, 16

*Contents*

*Page*

**Rules Cited:**

Circuit Rule 35 ..... 6

Fed. R. Civ. P. 12(b)(1) ... i, 4, 5, 6, 8, 9, 10, 11, 12, 13, 14

Fed. R. Civ. P. 12(b)(6) .....8, 11, 12, 13

Fed. R. Civ. P. 56 .....8, 11, 12, 13

Fed. R. Civ. P. 56(f) ..... 13

**Other Authorities Cited:**

Recommendation of the Admin. Conf. of U.S., *Federal Agency Use of Computers in Acquiring and Releasing Information,* 1 CFR § 305.88-10(F) at p. 230 (1991) ..... 15

S. Rep. No. 813, 89th Cong., 1st Sess. 3 (1965) ..... 15

**APPENDIX**

Appendix A — Judgment of the United States Court of Appeals for the District of Columbia Circuit Filed January 21, 1997 ..... 1a

Appendix B — Memorandum Opinion of the United States District Court for the District of Columbia Filed January 16, 1996 ..... 3a

*Contents*

*Page*

Appendix C — Order of the United States Court of Appeals for the District of Columbia Circuit Filed April 10, 1997 ..... 24a

Tax Analysts petitions for a Writ of Certiorari to review the judgment of the United States Court of Appeals for the District of Columbia Circuit in this case.

## OPINIONS BELOW

The decision of the District of Columbia Circuit of January 21, 1997, is unreported, as is the April 10, 1997, order of that court regarding Tax Analysts' petition for rehearing and suggestion for rehearing *en banc*. The decisions of the court of appeals are reprinted, respectively, in Appendix A ("App. 1a") and Appendix C ("App. 24a"). These decisions affirmed the ruling of the United States District Court for the District of Columbia, reported at 913 F. Supp. 599 (D.D.C. 1996) (Appendix B, "App. 3a").

## STATEMENT OF JURISDICTION

The judgment of the D.C. Circuit was entered on January 21, 1997 (App. 1a), and the clerk issued the mandate of the court on April 21, 1997. A timely petition for rehearing with a suggestion for rehearing *en banc* was denied on April 10, 1997 (App. 24a). The jurisdiction of this Court is invoked pursuant to 28 U.S.C. § 1254(1).

## STATUTORY PROVISION INVOLVED

The Freedom of Information Act ("FOIA"), 5 U.S.C. § 552, provides in relevant part:[1]

> (a) Each agency shall make available to the public information as follows: . . .
>
> (b) This section does not apply to matters that are —
>
> . . .

1. The "Electronic Freedom of Information Act Amendments of 1996," or the "EFOIA," Pub. L. No. 104-231, 110 Stat. 2422, did not affect the relevant portions of the FOIA cited and relied upon in this petition.

> (4) trade secrets and commercial or financial information obtained from a person and privileged or confidential; . . .
>
> Any reasonably segregable portion of a record shall be provided to any person requesting such record after deletion of the portions which are exempt under this subsection. . . .

## STATEMENT OF THE CASE

### A. Significance Of The Underlying FOIA Action

This case presents an extraordinary opportunity for the release onto the Internet of the public domain texts of the opinions of federal judges, congressional statutes, and administrative material otherwise unavailable to the public. Tax Analysts, a nonprofit charitable and educational corporation, brought this suit under the FOIA to make the *nonproprietary* contents of the Department of Justice's JURIS database freely available to the public, without charge, on the Internet. It is the only such public, archival collection known to exist. This FOIA request is the only measure delaying the transfer to the West Publishing Co. ("West") of JURIS, and the eventual destruction of JURIS.

JURIS is a comprehensive, computerized legal research system designed and developed by the Department of Justice ("Justice" or "the Department") in the late 1970s.[2] Some of its contents came from the Department of the Air Force's FLITE database, while other contents came from Justice itself. JURIS contains federal and state case law dating back decades, including historically significant

2. Tax Analysts has not been granted discovery in this case. The assertions regarding the composition and existence of JURIS are Tax Analysts' best guesses based on conversations with former employees and contractors of the Department.

opinions from the last century. Also, JURIS likely contains legal briefs, administrative rulings, and similar documents prepared by federal and state agencies. The software that runs JURIS and determines all of the operating characteristics of the JURIS system — both its search capabilities and its formatting architecture — was written by government employees at public expense. All of the data in the database, both public domain and proprietary, was processed for use in JURIS at government expense.

At some point in the 1980s, and at least by 1988 — the year of the contract in question — the Department contracted with West to provide computer services to the Department for JURIS. Justice loaned copies of its JURIS software to West for West's use in implementing the contract; *viz.*, processing data West was to prepare for input into the JURIS system.

The 1988 contract is said to reflect two Requests for Proposal ("RFPs"), issued by the Department in the early 1980s. Although these RFPs were not entered into the record, they were cited by the district court in its opinion. One RFP apparently sought West proprietary material such as that contained in its federal digests and was considered a "sole source" contract. The second RFP sought updating services for the JURIS database collection of federal case law, statutes, and administrative documents. Any contractor with the best bid to supply the public domain material could have won this second RFP. West won both bids. Presumably this is why the 1988 contract contains work orders separated by "Proprietary" and "Nonproprietary" section headings.[3]

3. All parties in hearings before the district court agreed that the contract was poorly drafted. Two identically numbered but differently labeled sections C have given rise to much dispute, with each side claiming that the contract is unambiguous in its favor. Tax Analysts asserts that the two sections C, one named "Nonproprietary" and the other "Proprietary," make clear that the contract separates proprietary material West provided, i.e. headnotes and synopses, from the nonproprietary, public domain texts of federal judges' opinions. West was paid to process both types of data for the Department, through application and use of the government-owned JURIS software so that the data would be readable on the JURIS system.

Based on this 1988 contract, West claims "proprietary rights" to the *entire* JURIS database — the proprietary as well as nonproprietary portions.

This FOIA action does not seek access to headnotes, synopses, page numbers, key numbers, or similar types of information prepared by private parties that might be contained in the "proprietary" portion of JURIS. Rather, this suit seeks access to the federal and state case law and the federal statutes in the *nonproprietary* portion of the JURIS database — the actual words written by federal and state judges at public expense in their written opinions — unenhanced by page numbers, synopses, or other types of arguably proprietary material.[4]

## B. Proceedings Below And Procedural Issues

In the district court below, the Department and West each filed a Fed. R. Civ. P. 12(b)(1) motion to dismiss. They asserted that a license provision in the 1988 contract conferred on West proprietary rights to about 80% of the entire database. This interpretation arguably broadens the scope of the license to include portions extant in the database before West was awarded its contract and all of the public domain case law that West processed for the Department according to, and using, the Department's JURIS software

4. Besides the JURIS database, West possesses the only known collection of this vast array of archival federal case law. To protect its market dominance in legal publishing, West seeks to block access to the public domain texts in any forum. *See, i.e., Matthew Bender and Hyperlaw, Inc. v. West Publishing Inc.*, 1996 U.S. Dist. LEXIS 11091 (S.D.N.Y. 1996) and 1997 U.S. Dist. LEXIS 6915 (S.D.N.Y 1997), wherein West attempted to block access to case law based on a different theory — copyright — in the lawsuit brought against it by Matthew Bender and Hyperlaw, Inc. In that case, West sought to exert similar dominion over the public domain text of federal court opinions, reprinted in its own publications, under a compilation or, alternatively, a derivative, copyright. Judge Martin found West's copyright claims baseless. While West's claims in this case are different, their intended effect is the same: To prevent access to the public domain texts of federal judges opinions.

programs. Tax Analysts made four separate requests for discovery so that it could investigate the premise of the 12(b)(1) motions to dismiss: that West had transferred to Justice some unnamed and unproven proprietary element in electronic form when it processed case law for the Department with the JURIS software as required by the contract.

The court denied all four of Tax Analysts requests for discovery. Relying in part on facts in the defendants' untested affidavits, the court granted the 12(b)(1) motions and ruled that West had proprietary rights in the "electronic formatting" of JURIS and dismissed Tax Analysts' complaint. Neither West nor the Department were obliged to offer proof to support West's proprietary claim over the electronic formatting in JURIS.

On appeal, based on the intertwining of jurisdiction and merits in the FOIA, Tax Analysts asserted error in the court's denial of discovery in the face of the Rule 12(b)(1) challenges to its lawsuit. Because no record exists on which to base a substantive challenge, Tax Analysts seeks a remand on appeal to take expert testimony, conduct depositions, and present evidence.

The lower court's dismissal of Tax Analysts' FOIA action without any opportunity to discover facts relevant to the Rule 12(b)(1) motions left that court and the court of appeals without the benefit of expert testimony regarding the mechanics of electronic databases. As a result, the courts below reached legal conclusions based on several incorrect "library" metaphors using print or similar systems. Both courts engaged in fact-finding outside the record and based their decisions in part on legal issues never briefed by the parties, such as the legal effect, if any, of electronic scanning of print material.

Remarkably, the court of appeals never addressed — in oral argument or in its decision — the federal procedural issue raised by the intertwining of jurisdiction and merits in Tax Analysts' FOIA action. Instead, the court affirmed the district court based on the

standard for denial of discovery in the face of a Rule 12(b)(1) motion *without* intertwining. *El-Fadl v. Central Bank of Jordan,* 75 F.3d 668 (D.C. Cir. 1996). *Without* intertwining in the FOIA, both the district and the appellate courts would be correct: In such a case, the district court has wide discretion to decide its own jurisdiction. *Herbert v. National Academy of Sciences,* 974 F.2d 192, 197, 198 (D.C. Cir. 1992); *Williamson v. Tucker,* 645 F.2d 404, 412, 413 (5th Cir. 1981), *citing Mortensen v. First Federal Savings and Loan Ass'n,* 549 F.2d 884, 891 (3rd Cir. 1977).

However, based on the intertwining of jurisdiction and merits in the FOIA, federal law requires remand and an opportunity for discovery in the district court before any discussion occurs regarding the subject matter of the 12(b)(1) motions. In such a case, the parties, not the court, should undertake the task of establishing facts. *Id.*

In addition to the dictates of the intertwining doctrine, the underlying federal statute, the FOIA, requires it: the FOIA carries a presumption for release of the requested agency record absent a showing that the material falls within one of the nine statutory exemptions in subsection 5 U.S.C. § 552(b).[5] West's opposition to release prevailed as a preemptive jurisdictional challenge; whereas under the statute, West should have been required to assert its position during the court's review of the merits.

After the court of appeals affirmed the district court, Tax Analysts raised in its petition for rehearing and suggestion for rehearing *en banc,* as required under Circuit Rule 35, the conflict created by the court's affirmance in this case with the rest of its FOIA jurisprudence regarding the 5 U.S.C. § 552(b)(4) exemption.

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5. While the Department has urged adoption of a "library records" exemption, the FOIA contains no such exemption. Congress recently amended the FOIA in 1996 and did not add a library records exemption to the statute. Clearly, federal legislators do not intend to include library records as a ground for exemption. Moreover, this Court has held that status as a library record is not an appropriate ground for exemption under the statute. *See Tax Analysts v. U.S. Dep't of Justice,* 492 U.S. 136, n. 5 (1988).

Subsection (b)(4) provides an exemption to the FOIA for trade secrets and commercial material. Congress intended the exemption to protect private parties when, pursuant to a FOIA request, release of material they provided to a government agency would violate their trade secret or commercial rights in the data. Tax Analysts assumes this is the basis of West's objection to release of the public domain portions of JURIS.

The circuit court's decision permits West, a government contractor, and Justice, an executive agency, to circumvent through the contractual license the burden of proof contemplated by the FOIA exemptions. The license effectively prevents release of the material under FOIA without requiring the agency to prove that the material is exempted from release under subsection (b)(4). Such a license is especially suspect when it is extended to encompass electronic files of material in the public domain that have been processed using government software for a government database.

The FOIA statute does not provide for exemption by contract.

The court denied Tax Analysts' petition for rehearing as well as its suggestion for rehearing *en banc*.

## C. The Factual Dispute

The dispute in this case centers on West's contention that JURIS's public domain portions contain a "West database" or "proprietary" West data. To the contrary, Tax Analysts contends that JURIS contains only JURIS software that manipulates: (1) all of the data collected in JURIS up to the time of West's contract with the Department, the public domain portions of which are part of the subject matter of this action; (2) some original West editorial material processed by West under the contract using JURIS software, which is *not* the subject of this FOIA request; and (3) nonproprietary public domain data that includes federal case law, also processed by West using JURIS software which *are* the subject of the request.

Tax Analysts has every reasonable expectation of proving on remand that JURIS is not a West database. To have ownership rights in a proprietary database, either the software and/or the data must be proprietary. West proved neither; however, both the district court and the court of appeals assumed that West supplied — and JURIS contains — a proprietary database of public domain data. The courts reached their legal conclusions based on this assumed fact, despite the absence of any evidence in the record to support the conclusion.

## REASONS FOR GRANTING THE WRIT

### I. THE DISTRICT OF COLUMBIA CIRCUIT'S RULING CONFLICTS WITH LONG-STANDING FEDERAL LAW ON THE ISSUE OF INTERTWINING, FIRST ENUNCIATED BY THIS COURT IN 1945. IF THERE IS INTERTWINING IN THE STATUTE, THE DOCTRINE REQUIRES A FEDERAL DISTRICT COURT TO AFFORD THE ADDED PROTECTIONS OF A FED. R. CIV. P. 12(b)(6) OR RULE 56 STANDARD WHEN A 12(b)(1) MOTION TO DISMISS IS PRESENTED, ESPECIALLY WHEN THE NONMOVING PARTY HAS MADE REPEATED REQUESTS FOR DISCOVERY. REMAND SHOULD BE ORDERED.

### A. Summary

West and the Department claim that the contractual license converted JURIS from a government-created and owned database into a proprietary asset of West Publishing Co. The court refused to allow Tax Analysts to conduct any discovery relevant to the jurisdictional challenge, even though the grounds for jurisdiction are in the same statute as the federal cause of action itself. The situation is akin to that in a Rule 12(b)(6) or Rule 56 challenge, the effect of a jurisdictional challenge that intertwines with the merits in the same statute. The courts' failure to apply the procedural safeguards required by federal law under the doctrine of intertwining when presented with a Rule 12(b)(1) motion to dismiss is clear

error. Tax Analysts should be granted a remand and allowed to return to the district court to conduct discovery on the Rule 12(b)(1) challenge.

## B. Statement Of The Rule

Federal law is clear and consistent on this doctrine from its first enunciation in 1945 by this Court in *Bell v. Hood*, 327 U.S. 678 (1945), and again in *Land v. Dollar*, 330 U.S. 731 (1946). The doctrine follows an undisturbed path through every federal circuit that has considered intertwining, including the D.C. Circuit in *Herbert v. National Academy of Sciences*, 974 F.2d 192 (D.C. Cir. 1992).

Intertwining arises, and its procedural safeguards must be applied by the district court in a Rule 12(b)(1) setting, where the defendant's jurisdictional challenge to the plaintiff's cause of action "is also an element of the federal cause of action." *Williamson v. Tucker*, 645 F.2d 404, 415, citing *Bell v. Hood*; or, where jurisdiction is dependent on the same federal statute, *Wheeler v. Hurdman*, 825 F.2d 259 (10th Cir. 1987), *cert denied*, 484 U.S. 986 (1987).

A review of the FOIA statute shows that both jurisdiction and the merits of Tax Analysts' FOIA action are found in this one federal statute, codified in one section. The jurisdictional subsections found in § 552(a), addressing "agency record," are elements of the full federal cause of action codified at 5 U.S.C. § 552, the same statute. This is the only test of intertwining. No party to this action has disputed that jurisdiction and the merits arise under the same federal statute which authorizes the underlying federal cause of action in this case.

In *Williamson v. Tucker*, 645 F.2d 404, the Fifth Circuit faced an analogous question regarding the effect of intertwining on its disposition of a Rule 12(b)(1) motion. There, the court had to decide whether a real estate transactional instrument qualified as a "security" under the Rule 12(b)(1) jurisdictional challenge

concerning the 1933 and 1934 Securities & Securities and Exchange Commission acts. The jurisdictional question in that case, whether the financial instrument qualified as a "security" under the federal securities statute, is like the FOIA's "agency record" test. The *Williamson* court found intertwining and remanded for discovery.

In the D.C. Circuit, *Herbert v. National Academy of Sciences,* 974 F.2d 192, reiterates this simple, consistent, analysis almost *verbatim* from the Fifth Circuit's *Williamson* decision. "If [jurisdictional facts] are inextricably intertwined with the merits of the case [the court] should usually defer its jurisdictional decision until the merits are heard . . . this Court has previously indicated that ruling on a Rule 12(b)(1) motion may be improper before the plaintiff has had a chance to discover the facts necessary to establish jurisdiction." *Id.,* 974 F.2d at 198.

Intertwining shifts the usually wide berth of discretion afforded a district court to determine its own jurisdiction in a non-intertwining Rule 12(b)(1) setting. It instructs the court to stop its jurisdictional assessment and proceed to review the merits. In *Williamson v. Tucker,* the Fifth Circuit, citing *Bell v. Hood,* stated, "where the defendant's challenge to the court's jurisdiction is also a challenge to the existence of a federal cause of action, *the proper course of action for the district court* [where the plaintiff's cause of action is not immaterial or frivolous] *is to find that jurisdiction exists and deal with the objection as a direct attack on the merits of the plaintiff's case.*" *Id.,* 645 F.2d at 415 (5th Cir. 1981). Thus, when the light of the district court's jurisdictional review occasioned by a Rule 12(b)(1) motion also touches the substantive federal cause of action, the district court must accept jurisdiction and proceed to review the merits of the nonmoving party's action, with appropriate procedural safeguards. *Herbert v. National Academy of Sciences,* 947 F.2d at 192; *Jensen v. Johnson County Youth Baseball League,* 838 F. Supp. 1437, 1440 (D. Kan. 1993) ("When a federal statute serves as both the basis for the court's subject matter jurisdiction and the plaintiff's substantive claim, a court should assume jurisdiction and resolve the issue on the merits. . . .").

*Williamson v. Tucker*'s progeny in the Fifth Circuit, *Holt v. United States*, 46 F.3d 1000 (5th Cir. 1995), citing *Wheeler v. Hurdman*, described intertwining as "where subject matter jurisdiction is dependent on the *same statute* which provides the substantive claim." *Id.*, 46 F.3d at 1003. Also in accord is *Jensen v. Johnson County Youth Baseball League*, 838 F. Supp. 1437, 1440 (D. Kan. 1993) where the court relied on the *Wheeler v. Hurdman* test: "The jurisdictional question is intertwined with the merits of the case if subject matter jurisdiction is dependent on the same federal statute which provides the substantive claim in the case."

**C. Intertwining Requires The Court To Afford To The Nonmoving Party The Added Protections Of A Rule 12(b)(6) Or Rule 56 Standard**

*Holt v. United States*, 46 F.3d 1000, and *Williamson v. Tucker*, 645 F.2d 415, best state the standard to be applied where intertwining exists. The district court's usual analysis under Rule 12(b)(1) shifts and the court is to apply the more favorable Rule 12(b)(6) or Rule 56 standard. This is intended to afford the nonmoving party the higher procedural safeguards appropriate to a review of the merits, which is the effect of a jurisdictional challenge when jurisdiction is set in the same statute as the federal cause of action. The Ninth Circuit also has endorsed this view in *Augustine v. United States*, 704 F.2d 1074, 1077 (9th Cir. 1983).

> This refusal to treat indirect attacks on the merits as Rule 12(b)(1) motions provides, moreover, a greater level of protection to the plaintiff who in truth is facing a challenge to the validity of his claim: the defendant is forced to proceed under Rule 12(b)(6) . . . or Rule 56 . . . both of which place greater restrictions on the court's discretion. The court must take the plaintiff's allegations as true when a Rule 12(b)(6) motion is raised, and in addition must determine that no

> genuine issue of material fact exists when a Rule 56 motion is granted.

*Williamson v. Tucker,* 645 F.2d 415, 416.

**D. The Courts Below Erred By Allowing Discussion Of The License To Override The Effect Of Intertwining**

The courts below erred by allowing consideration of the Rule 12(b)(1) motions, based on West and the Department's interpretation of the disputed license provision, to occur before allowing Tax Analysts to conduct *any* discovery relevant to the defendants' procedural challenges. Tax Analysts clearly has stated the factual dispute between the parties. It has stated with equal clarity that it is prepared to disprove, and has every reasonable expectation of disproving, West's proprietary claims over the JURIS database. Most of the information needed to do this is under the sole control of the defendants, making Tax Analysts dependent on discovery.

Both West and the Department consistently have urged the courts below to consider the effect of intertwining *after* review of the effect of the disputed license in the 1988 contract; or, after decision on the Rule 12(b)(1) motions to dismiss without regard to intertwining in the FOIA. This interpretation would gut the very purpose of the doctrine — to provide to the nonmoving party an opportunity for fact-finding appropriate to a challenge to the merits of its cause of action. This is the standard in a Rule 12(b)(6) or Rule 56 challenge to the merits.

**E. The Court Incorrectly Applied The Standard Of Review For A Denial Of Discovery As If Jurisdiction And Merits Were Not Intertwined In The FOIA**

The court of appeals erred in affirming the district court's reliance on the standard of review appropriate for denial of discovery on a Rule 12(b)(1) motion where there is no intertwining. It is in conflict with every federal court, including this Court, that has

addressed intertwining. The appellate court should have shifted its standard to the more protective one afforded to plaintiffs in Rule 12(b)(6) or Rule 56 settings.[6]

Nor did the court of appeals follow even its own law in relying on *El Fadl v. Central Bank of Jordan*, 75 F.3d 668 (D.C. Cir. 1996) to affirm the district court. In *El-Fadl*, the D.C. Circuit was clear on the importance of granting *some* discovery on a motion to dismiss containing a jurisdictional challenge (there, it was a challenge to the court's personal jurisdiction). *El-Fadl* stands for the proposition that the court will be more protective of the nonmoving party on appeal where no discovery was granted below — Tax Analysts' situation — as opposed to instances where some discovery had been allowed by the district court. *See also Crane v. Carr*, 814 F.2d 758 (D.C. Cir. 1987) and *Edmond v. U.S. Postal Service General Counsel*, 953 F.2d 1398 (D.C. Cir. 1992).

Even on a Rule 12(b)(1) motion to dismiss, the D.C. Circuit, again in *Herbert v. National Academy of Sciences*, 974 F.2d 192, citing its own ruling in *Collins v. NY Central System*, 327 F.2d 880

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6. *See*, however, *Kamen v. American Telephone & Telegraph*, 791 F.2d 1006 (2nd Cir. 1986) and *Greenery Rehabilitation Society v. Sabel*, 841 F. Supp. 58 (N.D.N.Y. 1993), for other circumstances in which federal courts also have required greater discovery-like procedural safeguards for the nonmoving party. This includes scenarios where particular evidence is under the exclusive or particular control or knowledge of the defendants or no discovery has been allowed at all, both of which are true in Tax Analysts case. The Second Circuit in *Kamen v. AT&T* cited "fundamental fairness" to the plaintiff where information is only within the knowledge of the defendant. Analogizing the protections to those found in Rule 56(f), the Second Circuit held that "it was improper for the district court [ruling on 12(b)(1)] to have considered conclusory and hearsay statements contained in the affidavits submitted by the defendants and to deny the plaintiff limited discovery on the jurisdictional question." *Id.*, 791 F.2d at 1010. The district court in New York similarly held in *Greenery Rehabilitation Society*, citing *Kamen*, that the 12(b)(1) motion to dismiss must be denied until plaintiff is allowed discovery where the facts at issue are within the defendant's control. *Id.*, 841 F. Supp. at 62.

(D.C. Cir. 1963) three decades earlier, and the Fifth Circuit in *Williamson v. Tucker,* 645 F. 2d 404, embraces a similar rule stating that ruling on a 12(b)(1) motion may be improper before the nonmoving party has had a chance *to discover facts necessary to establish jurisdiction.*

In *Wilderness Society v. Griles,* 824 F.2d 4, 20 (D.C. Cir. 1987), the D.C. Circuit again held that where the district court holds the plaintiff to the strict Rule 12(b)(1) standard, as the courts did below in this case, it is an *abuse of discretion* to hold such stringent review while denying discovery of the "very material relevant" to the stringent review. Even in *Wilderness Society* the plaintiff was granted some discovery: Tax Analysts has had none in this case with respect to the legal effect and scope of the disputed license.

## II. THE DECISIONS OF THE COURTS BELOW PERMIT CONTRACTS BETWEEN PRIVATE PARTIES AND THE U.S. GOVERNMENT TO CIRCUMVENT THE FOIA. THIS NEWLY SANCTIONED, NONSTATUTORY "CONTRACT" EXEMPTION TO THE FOIA WILL ENCOURAGE GOVERNMENT CONTRACTORS TO USE LICENSES TO AVOID THE MORE RIGOROUS BURDEN OF PROOF FOR THE FOIA'S EXEMPTION FROM DISCLOSURE OF TRADE SECRETS AND COMMERCIAL AND CONFIDENTIAL INFORMATION UNDER 5 U.S.C. § 552(b)(4). THIS IS IN CLEAR CONFLICT WITH THE INTENT OF CONGRESS WHEN IT PROVIDED A STATUTORY SCHEME FOR EXEMPTION UNDER THE FOIA IN THE PROVISIONS OF SUBSECTION (b)(4).

### A. The Decision Of The District Of Columbia Circuit Has Improperly Adopted A New, Nonstatutory Exemption To The FOIA For Private-Party Contracts

The Department and West have opposed Tax Analysts' FOIA request on the basis of the 1988 contract between the Department and West. The D.C. Circuit's decision effectively sanctioned a

private party's use of a license to prohibit public disclosure of public domain data in clear contravention of Congress's intent in enacting the FOIA.

Under the new, nonstatutory "contract" exemption, the United States government will now be able to permit private data providers to exercise control over the disclosure of public domain information that they provide to the government, including the federal and state case law, administrative materials, and legal briefs contained in the JURIS database. Under the D.C. Circuit's ruling, a private data provider, by inserting a nondisclosure provision in a contract or license with the government, can prohibit *unilaterally* public access to government information.

Congress declared a different intent when it enacted the FOIA. Congress designed the FOIA to ensure "full agency disclosure unless information is exempted under *clearly delineated statutory language*. . . ." S. Rep. No. 813, 89th Cong., 1st Sess. 3 (1965) (emphasis added). The statute itself "does not authorize withholding of information or limit the availability of records to the public, *except as specifically stated* in this section." § 552(c).

Technology long has posed a special threat to the FOIA's safeguards of public access. The Administrative Conference of the United States cautioned that "[a]n agency generally *should not grant a private party exclusive control of its electronic information or of the acquisition or release thereof.* Nor should the agency itself as a general matter maintain such control in the absence of a compelling public purpose." If an agency wants to "enter into an exclusive arrangement providing a private sector vendor with a preferential right to electronic information," the agency should *"guard against the possibility that the arrangement may be inconsistent with its responsibilities under the FOIA or may impair the ability of the agency and the public to benefit from subsequent technological developments."* Recommendation of the Admin. Conf. of U.S., *Federal Agency Use of Computers in Acquiring and Releasing Information*, 1 CFR § 305.88-10(F) at p. 230 (1991) (emphasis added).

In response to technological developments, Congress recently amended the FOIA explicitly to extend the statute's disclosure imperative to electronic records. "The Electronic Freedom of Information Act Amendments of 1996," Pub. L. No. 104-231, 110 Stat. 2422. The amendments, however, do not provide a "contract" exemption to disclosure or address the concerns of private control of government records raised in the Administrative Conference's recommendation.

There is no basis in prior case law for the claim that the FOIA can be overriden by contract. The D.C. Circuit, in a case later affirmed by this Court, stated emphatically that " 'refusal to release documents . . . for any reason other than those set forth in the [FOIA]'s *enumerated* exceptions would constitute "withholding".' " *Tax Analysts v. U.S. Dep't of Justice*, 845 F.2d 1060, 1064 (D.C. Cir. 1988), *aff'd*, 492 U.S. 136 (1989) (emphasis added, footnote omitted), citing *McGehee v. CIA*, 697 F.2d 1095, 1110, *aff'd in part and vacated in part on other grounds*, 711 F.2d 1076 (D.C. Cir. 1983).

A nonstatutory "contract" exemption to the FOIA eviscerates the FOIA and this Court's FOIA jurisprudence as articulated in *U.S. Dep't of Justice v. Tax Analysts*, 492 U.S. 136 (1989). "An agency *must* disclose agency records to any person under § 552(a), 'unless [the records] may be withheld pursuant to one of the nine enumerated exemptions listed in § 552(b).' Consistent with the Act's goal of broad disclosure, these exemptions consistently have been given a narrow compass." *Id.* at 151 (emphasis added), *citing U.S. Dep't of Justice v. Julian*, 486 U.S. 1, 8 (1988). This Court has taken an exclusive view of the exemption scheme, stating that agency records "which do not fall within one of the exemptions are 'improperly' withheld." *U.S. Dep't of Justice v. Tax Analysts*, 492 U.S. at 151.

The D.C. Circuit's decision to permit a new, nonstatutory "contract" exemption to the FOIA conflicts with this Court's fidelity to Congress's intention to apply the disclosure imperative broadly, and the exemptions narrowly.

## B. The District Of Columbia Circuit Erred By Not Treating The Department Of Justice's Denial Of The FOIA Request As An Assertion Of A 5 U.S.C. § 552(b)(4) Exemption

*1. Summary*

The Department and West cleverly have disguised an assertion of a 5 U.S.C. § 552(b)(4) exemption, which protects from release trade secrets and commercial, confidential information, in the camouflage of a license to avoid the FOIA's rigorous standards for exemption. Despite the decoy argument, the FOIA does not recognize a contract exemption from disclosure. Therefore, the Department's and West's argument must be regarded as an assertion of a *de facto* subsection (b)(4) exemption.

The D.C. Circuit, like the district court before it, erred by not treating the Department's denial of Tax Analysts' FOIA request for release of the JURIS database as an assertion of the § 552(b)(4) exemption. Had the court conducted the subsection (b)(4) exemption analysis, the Department and West would have failed to meet the burden of proof to withhold government information from public disclosure.

*2. The Department bears burden of proving that information sought by Tax Analysts qualifies for the subsection (b)(4) exemption*

This Court has held that an agency must disclose agency records to any person under § 552(a) unless the agency may withhold the records under one of the nine enumerated exemptions listed in § 552(b). *See generally supra U.S. Dep't of Justice v. Tax Analysts*, 492 U.S. 136, and *U.S. Dep't of Justice v. Julian*, 486 U.S. 1.

Relying on the untested assertion that the JURIS database contains West proprietary information not subject to disclosure, the Department has invoked the subsection (b)(4) exemption for trade secrets and commercial information that is privileged or confidential.

It is well established that the agency invoking the subsection (b)(4) exemption bears the burden of proving that it applies to the particular FOIA request. *National Parks and Conservation Ass'n v. Morton*, 498 F.2d 765, 770 (D.C. Cir. 1974). Likewise, the test is clear and uncomplicated: The agency must show that disclosure would: (1) impair the government's ability to obtain necessary information in the future; or (2) cause substantial harm to the competitive position of the person from whom the information was obtained. *Id.* at 770; *Frazee v. U.S. Forest Service*, 97 F.3d 367, 371 (9th Cir. 1996).

*3. The Department cannot sustain its burden of proof for the subsection (b)(4) exemption; the exemption does not apply to the JURIS database*

The Department of Justice cannot sustain its burden of proof under *National Parks*. First, for purposes of the FOIA, a trade secret is "a secret, commercially viable plan, formula, process, or device that is used for making, preparing, compounding, or processing trade commodities and that can be said to be the product of either innovation or substantial effort." *Public Citizen Health Research Group v. F.D.A.*, 704 F.2d 1280, 1288 (D.C. Cir. 1983); *Northwest Coalition for Alt. to Pestic. v. Browner*, 941 F. Supp. 197, 201-02 (D.D.C. 1996). Neither the JURIS software nor its underlying data is a West "trade secret": the government created and implemented the computer operating program, and public officials, at taxpayers expense, authored the judicial decisions and administrative materials. Clearly, a government contractor cannot borrow an agency-created software program and claim it as a trade secret.

Moreover, computer software "uniquely suited to its underlying database" that "perpetuate[s] knowledge" responsive to a FOIA request is an agency record subject to the FOIA. *Cleary, Gottlieb, Steen & Hamilton v. Dep't of Health and Human Services*, 844 F. Supp. 770 (D.D.C. 1993). *See also DeLorme Publishing Co. v. NOAA of U.S. Dep't of Commerce*, 917 F. Supp. 867 (D. Me. 1996) (electronic compilations read by computers are agency records

subject to disclosure under the FOIA unless a specific exemption applies.).

Even assuming *arguendo* that the JURIS database contains original West editorial material run on the government-created software, Tax Analysts has *not* requested this material: Tax Analysts seeks only public domain data in electronic form. Tax Analysts' FOIA request specifically does not seek release of proprietary information belonging to West or any other private publisher.

The data Tax Analysts seeks are neither trade secrets nor commercial information. Rather, the data and the software are public domain material and not privileged or confidential. Therefore, the *National Parks* test for disclosure is inapposite. Even if the *National Parks* test did apply, the requested information qualifies for disclosure: release neither will impair the government's ability to enter into contracts for data processing and information managment in the future nor cause substantial competitive harm to West, which remains the dominant purveyor of federal and state case law resource materials in the United States. *Frazee v. U.S. Forest Service*, 97 F.3d 367, 371; *Worthington Compressors, Inc. v. Costle*, 662 F.2d 45 (D.C. Cir. 1981); *Northwest Coalition for Alt. to Pestic. v. Browner*, 941 F. Supp. 197.

Third, an agency promise of confidentiality to an information provider does not override any part of the FOIA. *Public Citizen Health Research Group v. F.D.A.*, 704 F.2d 1280, 1287 (agencies cannot alter dictates of the FOIA by their own express or implied promises of confidentiality). *See also Petkas v. Staats*, 501 F.2d 887 (D.C. Cir. 1974) (promise of confidentiality held not to be sufficient to defeat right of disclosure); *Ackerly v. Ley*, 420 F.2d 1336, 1339-40, n.3 (D.C. Cir. 1969) ("It will obviously not be enough for the agency to assert simply that it received the [information] under a pledge of confidentiality to the one who supplied it. Undertakings of that nature cannot . . . override the [FOIA]."). Other circuits have reached similar conclusions. *See 9 to 5 Organization for Women Office Workers v. Board of Governors*

*of Fed. Res. Sys.*, 721 F.2d 1, 12 (1st Cir. 1983) where Judge Breyer wrote that "Congress did not intend to apply the word confidential *automatically* whenever an agency official agrees to a business request to keep information confidential. Otherwise, given the temptation of government and business officials to follow the path of least resistance and say 'confidential' whenever they seek to satisfy the government's vast information needs, the exemption would expand beyond what Congress intended."; *Robles v. EPA*, 484 F.2d 843 (4th Cir. 1973) (promise of confidentiality not sufficient to defeat right of disclosure); and *Burnside-Ott Aviation Training v. United States*, 617 F. Supp. 279 (D.C. Fla. 1985) (contractual promise by Department of Navy to protect confidentiality of contractor's technical proposal and final bid could not prevent disclosure of otherwise unprotected information pursuant to FOIA request).

The Department essentially made a contractual promise to keep the JURIS database confidential by agreeing to transfer the database to West upon expiration of the 1988 contract. Congress intended the federal courts to exercise ultimate discretion over confidentiality, not executive branch agencies. *Public Citizen Health Research Group v. F.D.A.*, 704 F.2d 1280, 1287 ("Congress has made clear . . . that the federal courts, and not the administrative agencies, are ultimately responsible for construing . . . the FOIA . . . .") Under the reasoning of *Public Citizen*, the Department lacked the authority to declare the JURIS database "confidential" and contractually guarantee its nondisclosure to the public under the FOIA. Only the federal courts can make such a determination. The Department's promise of confidentiality to West exceeded the agency's statutory authority. As a result, the Department's contractual promise of confidentiality is a legal nullity and has no relevance to the subsection (b)(4) analysis that should govern the court's analysis of West's and the Department's claims.

## III. THIS COURT SHOULD RESOLVE THE CONFLICT CREATED BY THE DISTRICT OF COLUMBIA CIRCUIT'S DECISION BASED IN PART ON *ProCD v. ZEIDENBERG* AND THE SEVENTH CIRCUIT'S HOLDING IN THAT CASE. AS DISSEMINATION OF ELECTRONIC DATA AND SOFTWARE ARE BECOMING MORE PREVALENT IN GOVERNMENT CONTRACTING, THIS COURT SHOULD CLARIFY THE LEGAL RULE GOVERNING A PRIVATE CONTRACTOR'S PROPRIETARY RIGHTS IN PUBLIC DOMAIN MATERIAL IN A GOVERNMENT DATABASE.

In affirming the district court's decision, the court of appeals incorrectly relied on the Seventh Circuit's holding in *ProCD v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996). *ProCD* stands for the proposition that "shrinkwrap" licenses which increasingly are accompanying proprietary software packages may extend to software in proprietary databases containing public domain data.

A key element in that case was the existence of proprietary software, without which, the court acknowledged, the public domain data in the database could be used freely: "[Without the software] [e]veryone remains free to copy and disseminate all 3,000 telephone books that have been incorporated into ProCD's database.". *Id.* at 1455. Mr. Zeidenberg, however, had downloaded onto the Internet ProCD's database — the software package with telephone listings — to resell it at a lower cost, complete with ProCD's proprietary formatting, searching, and retrieval software. The court was clear in distinguishing that public domain data may be copied and reused while proprietary software may not. Here, the JURIS database is government-owned, not private property.

Moreover relying on this Court's holding in *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257 (1979), regarding the interplay between contract and intellectual property law, the *ProCD* court also opined that even an enforceable contract between parties does not remove data in the public domain from that status: "*Aronson* emphasized that enforcement of the contract between Aronson and

Quick Point Pencil would not withdraw any information from the public domain." *Id.*, 86 F.3d at 1455.

In this case, there is no proof that West conveyed proprietary software contained in JURIS. Tax Analysts does not seek a proprietary West database, such as Westlaw, but the JURIS database running on government-created and owned JURIS software without any West proprietary software.

In *Hill v. Gateway,* 105 F.2d 1147 (7th Cir. 1997), the Seventh Circuit's only pronouncement on *ProCD* since it was decided, the court again was asked to determine the effect of contractual terms contained in a form not seen by the purchaser prior to purchase; in this case, included with the packaging of a computer ordered by telephone. Are the terms as conveyed effective in binding the purchaser who was not aware of them before purchase? The court, relying on *ProCD* for guidance on the contract issue, refers often to the case: "*ProCD v. Zeidenberg* . . . holds that terms inside a box of *software* bind consumers who use the *software*. . . . The district court concluded in *ProCD* that the contract is formed when the consumer pays for the *software* . . . Plaintiffs ask us to limit *ProCD* to *software*, but where's the sense in that? *ProCD* is about the law of contract, not the law of *software*." *Id.*, 105 F.3d at 1148, 1149 (emphasis added).

Although the parties were never asked to brief the question, it is axiomatic that the mere act of scanning print data into electronic form, the process whereby print or analog text is converted into electronic "0s and 1s," does not confer any ownership or other proprietary rights in the data itself. The data retains its legal status regardless of the medium.[7] If the data itself is not proprietary, which it is not with respect to the subject of Tax Analysts' FOIA request, then it is necessary to show that something else in the JURIS

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7. This is illustrated by noting that whether a federal court releases an opinion in print or electronically over the Internet, its legal status as public domain information does not change.

database is proprietary to West to support West's proprietary claims. Absent proof in the record of any such proprietary element, the court of appeals erred in basing its decision in part on this erroneous factual assumption.

Indeed, the facts as they have been relayed to Tax Analysts from persons familiar with the creation and operation of the database lead to the only reasonable factual conclusion: The nonproprietary portions of JURIS contain only government software and public domain texts written by government officials, including judges and members of Congress, none of which provide the grounds for a West license.[8] Tax Analysts should be given the chance to prove this.

## CONCLUSION

The petition for a writ of certiorari should be granted and the case remanded to the United States District Court for the District of Columbia for appropriate discovery.

Respectfully submitted,

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8. *See ProCD v. Zeidenberg*, 86 F.3d 1447, 1449 (7th Cir. 1996) ("[Shrinkwrap] licenses are enforceable unless their terms are objectionable on grounds applicable to contracts in general (for example, if they violate a rule of positive law, or if they are unconscionable).")

## APPENDIX A — JUDGMENT OF THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT FILED JANUARY 21, 1997

UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 96-5109 September Term, 1996

Tax Analysts,

Appellant

v.

Department of Justice and West Publishing Company,

Appellees

Appeal from the United States District Court
for the District of Columbia
(No. 94cv00043)

Before: SILBERMAN, WILLIAMS and ROGERS, *Circuit Judges.*

### JUDGMENT

This appeal was considered on the record before the United States district court for the District of Columbia and on the briefs of counsel. The issues have been accorded full consideration by this court and occasion no need for a published opinion. *See* D.C. Cir. Rule 36(b).

Appellant challenges the district court's denial of discovery before ruling on the motion to dismiss for lack of subject matter

jurisdiction. *See* Fed. R. Civ. P. 12(b)(1). Substantially for the reasons articulated by the district court, *see, Tax Analysts v. Dept. of Justice*, 913 F. Supp. 599 (D.D.C. 1995), it is

ORDERED AND ADJUDGED by this court that the judgment of the district court be affirmed.

The district court did not abuse its discretion in denying discovery, *see El-Fadl v. Central Bank of Jordan*, 75 F.3d 668, 676 (D.C. Cir. 1996), as the pleadings were sufficient to resolve the issue. To the extent that appellant argues that West could not assert proprietary rights over a database of information from the public domain, it is wrong as a matter of law, *see, e.g., ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1454 (7th Cir. 1996).

The Clerk is directed to withhold issuance of the mandate herein until seven days after disposition of any timely petition for rehearing. *See* D.C. Cir. Rule 41(a).

Per Curiam

**FOR THE COURT:**
Mark J. Langer, Clerk

BY: s/ Eva Brown
Deputy Clerk

## APPENDIX B — MEMORANDUM OPINION OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA FILED JANUARY 16, 1996

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action
No. 94-0043 (GK)

TAX ANALYSTS,

Plaintiff,

v.

UNITED STATES DEPARTMENT OF JUSTICE,

Defendant,

and

WEST PUBLISHING COMPANY,

Defendant-Intervenor.

### MEMORANDUM OPINION

This action is brought under the Freedom of Information Act ("FOIA"), 5 U.S.C. § 552, *et seq.* Plaintiff is a nonprofit organization that publishes, in printed and electronic form, news and documents about federal, state, and local taxation, including summaries and full texts of tax decisions by federal courts. Plaintiff seeks to compel Defendant Department of Justice ("DOJ") to disclose its Justice Retrieval and Inquiry System

("JURIS"), an electronic legal research database. The issue in this case is whether JURIS is an "agency record" subject to disclosure under FOIA.

## I. *Procedural Background*

On November 22, 1993, Plaintiff submitted a FOIA request to DOJ for the JURIS database. Two weeks later, on December 2, 1993, DOJ denied Plaintiff's request for the portion of the JURIS database provided by West.[1] The DOJ claimed that the West-provided part of JURIS was not an "agency record," and therefore not subject to disclosure under FOIA. Moreover, DOJ argued that even if the West-provided part of JURIS was an agency record, it was exempt from disclosure pursuant to Exemption 4 of FOIA, 5 U.S.C. Section 552(b)(4), because it is confidential commercial information.[2]

On December 8, 1993, Plaintiff appealed the denial of its FOIA request to the DOJ's Office of Information and Privacy. When DOJ failed to rule on the appeal by the statutory due date

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1. As discussed in detail below, 80% of the JURIS database is information provided to DOJ by West; the remaining 20% is information provided by government agencies other than DOJ. Defendant DOJ does not contest the FOIA request for non-West-provided data, and has been processing that request since it was made.

2. Section 552 (b)(4) states that:

> (b) This section does not apply to matters that are —
>
> (4) trade secrets and commercial or financial information obtained from a person and privileged or confidential;

of January 10, 1994,[3] Plaintiff brought this action in the U.S. District Court. West Publishing Company ("West") intervened as of right, pursuant to Fed. R. Civ. P. 24(a) & (b) because it had a substantial interest in the material being sought by Plaintiff.

On February 14, 1994, DOJ filed a Partial Motion to Dismiss for lack of subject matter jurisdiction.[4] On the same day, Defendant-Intervenor West also filed a Motion to Dismiss for lack of subject matter jurisdiction.

On May 27, 1994, Plaintiff filed a Motion for Partial Summary Judgment, requesting that the Court order DOJ to produce portions of the JURIS system which were contributed to JURIS by the Departments of Health and Human Services, Education and the Air Force. On August 11, 1994, DOJ filed a Motion to Dismiss, or in the Alternative, For Stay of Proceedings. On September 8, 1994 the Court granted DOJ's motion to Stay Proceedings until a ruling on the Motions of Defendant DOJ and West to Dismiss (both filed February 14, 1994).

Thus, this matter is before the Court upon DOJ's Partial Motion to Dismiss and West's Motion to Dismiss.

## II. *Statement of Facts*

JURIS is an electronic legal research system created and

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3. DOJ failed to rule by the statutory date because of the FOIA request backlog.

4. The Motion to Dismiss was "partial" because DOJ seeks to block Plaintiff's access only to West-provided data, not data supplied by government agencies.

maintained by DOJ.[5] It is an electronic depository of federal cases, regulations and digest material, through which DOJ attorneys conduct research for their cases. JURIS also provides citating services that allow subscribers to "shepardize" their cases, *i.e.*, to research their legal history. The system was developed by DOJ in the early 1970's, became operational in 1974, and expanded in 1979 to include other executive departments. JURIS is not available to the general public; access is limited to federal and state government users who subscribe through a reimbursement agreement between the subscribing agency and the DOJ.

Until 1983, the data in JURIS was collected, organized, and "inputted" by DOJ and other federal agencies. Beginning in 1983, however, DOJ contracted with West to provide 80% of the information in JURIS. The most recent contract between DOJ and West — the one central to this case — ran from 1988 to 1993 (the "1988 contract" or "contract"). Under that contract, West collected, organized and computer-formatted cases, opinions and digests to make them ready for use on JURIS.[6]

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5. DOJ stopped using JURIS in 1993, when it entered into a contract with West to use Westlaw as its legal database.

6. The West-provided data on JURIS includes: decisions of the United States Supreme Court, Courts of Appeal, District Courts, Court of Federal Claims, Tax Court, Bankruptcy Courts, the District of Columbia Court of Appeals, the U.S. Merit Systems Protection Board, the Board of Contract Appeals, U.S. Tax Court memorandum decisions, the IRS Cumulative Bulletin, Tax International Acts, IRS Written Determinations, IRS News Releases, IRS General Counsel Memoranda, IRS Actions on Decisions, IRS Technical Memoranda, and West-copyrighted digests *Federal Rules Decisions* and *Military Justice Reporter*.

*Appendix B*

## III. *The Freedom of Information Act*

Under the FOIA, a federal agency must make available for public inspection and copying its opinions, statements of policy, interpretations, staff manuals and instructions that are not published in the Federal Register, 5 U.S.C. § 552(a)(2). In addition, § 552(a)(3) requires that an agency "upon any request for records which . . . reasonably describes such records" to make such records "promptly available to any person."[7]

A district court has jurisdiction to enjoin an agency from withholding agency records and to order the production of any agency records improperly withheld from a complainant. § 552(a)(4)(B). The court has jurisdiction only if the plaintiff establishes that an agency has (1) improperly (2) withheld (3) agency records. *Kissinger v. Reporters Committee for Freedom of Press*, 445 U.S. 136, 150 (1980). Unless all three of these criteria are met, a district court lacks jurisdiction to compel an agency to comply with FOIA. In this case, the first two jurisdictional prongs of the *Kissinger* test are not at issue. Rather, Defendants argue that this Court lacks jurisdiction because the JURIS is not an "agency record" under controlling law.

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7. 5 U.S.C. § 552(a)(3) specifically provides:

> Except with respect to the records made available under paragraphs (1) and (2) of this subsection, each agency, upon any request for records which (A) reasonably describes such records and (B) is made in accordance with published rules stating the time, place, fees (if any), and procedures to be followed, shall make the records promptly available to any person.

*Appendix B*

## IV. *"Agency Records"*

### A. The Test

The FOIA does not define "agency record," and "[t]he legislative history is similarly unilluminating." *Tax Analysts v. United States Department of Justice*, 845 F.2d 1060, 1067 (D.C. Cir. 1988, *aff'd* 492 U.S. 136 (1989). Although the statute fails to define the term, the Supreme Court in affirming the Court of Appeals decision in *Tax Analysts*, articulated a two-part test to determine what constitutes an "agency record" under the FOIA: "agency records" are documents which are (1) either created or obtained by an agency, and (2) under agency control at the time of the FOIA request. *United States Department of Justice v. Tax Analysts*, 492 U.S. 136, 144-145 (1989); *see also* U.S. Department of Justice, *Freedom of Information Act Guide & Privacy Act Overview*, September 1994 Ed., at 13. Neither party disputes that the West-provided material was "created or obtained" by DOJ during the time in question. The issue is whether the West-provided data in JURIS was under the "control" of DOJ when Plaintiff made its FOIA request. If DOJ "controlled" the data, it is an agency record subject to FOIA.

In *Tax Analysts*, the Supreme Court gave only general guidance to what it meant by "control." The Court said that "[b]y control we mean that the materials have come into the agency's possession in the legitimate conduct of its official duties." *Tax Analysts*, 492 U.S. at 144. Further, the Court said that "[t]he control inquiry focuses on an agency's possession of the requested materials, not on its power to alter the content of the material it receives." *Id.* at 147.

As might be expected, the parties take this language to mean opposite things. Plaintiff argues that "control" is determined foursquare by "possession," and since DOJ undoubtedly "possessed" the data at the time of the FOIA request, DOJ controlled the data. Defendants, in contrast, argue that the Supreme Court did not mean that "possession" and "control" were synonymous, but simply that "possession" should be one of many factors the court considers in its control inquiry.

Plaintiff correctly points out that the Supreme Court in *Tax Analysts* directed the control inquiry to "possession." But the Court stated only that the "inquiry focuses on an agency's possession," *id.* at 147, not that possession alone determined control. To hold that control is synonymous with possession contradicts the Supreme Court's ruling in *Kissinger v. Reporters Committee for Freedom of Press*, 445 U.S. 136 (1980), upon which *Tax Analysts* itself was based, that: "We simply decline to hold that physical location of the [documents at issue] renders them 'agency records.' " *Id.* at 157.[8]

Moreover, the Supreme Court in *Tax Analysts* did not establish a new test for determining what was an "agency record" under FOIA. The Court itself acknowledged in *Tax Analysts* that it did not "write on a clean slate." *Id.* at 142. Rather, it clarified the standard already in place and applied factors that courts in this Circuit, and the Supreme Court itself, had been applying in earlier cases.[9] Plaintiff's assertion, therefore, that

8. While it is true that the documents in *Kissinger* were personal notes of telephone conversations, the reasoning of the Supreme Court is consistent with the principle that physical possession alone does not determine control.

9. The Supreme Court acknowledged as much in *Tax Analysts* when (Cont'd)

this Court may simply "ignore" cases decided before *Tax Analysts*, Pl. Opp. at 14, is simply incorrect.

The courts of this Circuit have looked to a number of factors to answer the control question. *See e.g. Goland v. CIA*, 607 F.2d 339, 347 (D.C. Cir. 1979) (rejecting plaintiff's argument that agency's possession of a document *per se* dictates document's status as an "agency record," and holding instead that crucial question was whether document was "subject to the free disposition of the agency"), *cert. denied*, 455 U.S. 927 (1980); *Paisley v. CIA*, 712 F.2d 686, 692-93 (D.C. Cir. 1983) (same); *Katz v. National Archives and Records Administration*, 68 F.3d 1438, 1442 (D.C. Cir. 1005) (holding that National Archives' possession of President Kennedy's autopsy photographs did not make them agency records because all agencies involved in the creation of the photographs treated them as personal property of the Kennedy estate); *Washington Post v. United States Dep't of Defense*, 766 F. Supp. 1, 16-17 (D.D.C. 1991) (citing *Goland* to hold that transcript transferred by Congress to agency for limited purpose did not become agency record because document was not subject to free disposition of agency); *see also Hamrick v. Department of Navy*, No. 90-0283, 1992 U.S. Dist. LEXIS 13151 (D.D.C. Aug. 28, 1992) (notebooks created by agency employee were not agency records because employee, not agency, created, maintained and possessed the document).

In *Dow Jones & Company, Inc. v. General Services*

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(Cont'd)

it cited approvingly two of its earlier opinions: "Two requirements emerge from *Kissinger* [445 U.S. 136 (1980)] and *Forsham* [445 U.S. 169 (1980)], each of which must be satisfied for requested materials to qualify as 'agency records.' " *Tax Analysts*, 492 U.S. at 144.

*Administration*, 714 F. Supp. 35 (D.D.C. 1989), decided just before *Tax Analysts*, the District Court discussed the "control" issue in considerable depth, holding that the following factors determined whether an agency "controlled" a document:

> (1) the intent of the document's creator to retain or relinquish control over the records; (2) the ability of the agency to use and dispose of the record as it sees fit; (3) the extent to which agency personnel have read or relied upon the document; and (4) the degree to which the document was integrated into the agency's record system or files.

*Id.* at 39.[10]

Taken together, these decisions of the Supreme Court, Court of Appeals and District Courts contain the clear teaching that "control" is not determined solely by possession. Rather, the question is whether, considering all of the circumstances of the case including, of course, physical possession, the records at issue are "subject to the free disposition of the agency." *Goland*, 607 F.2d at 347.

**B. Application of the Test**

It is undisputed that DOJ physically "possessed" the West-provided data at the time of the FOIA request. The question is whether DOJ could "use and dispose of the [data] as it [saw] fit." *Dow Jones*, 714 F. Supp. at 39. DOJ argues that it could

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10. The District Court formulated this test based on our Court of Appeals decision in *Tax Analysts*. *See Tax Analysts*, 845 F.2d at 1069.

not freely dispose of the West-provided data because the 1988 contract significantly restricted how it could use, transfer and/or dispose of the data. The argument centers upon two provisions of the 1988 contract, which read as follows:

> H-6 — BASIC DATA LICENSE
>
> A. i. WEST grants to DOJ during the term of this agreement the nonexclusive, nontransferable, irrevocable right to include the Data supplied to DOJ hereunder pursuant to Section C and all other information and materials supplied in accordance with Section C in JURIS; provided, however, that *those with the access to Data and Information shall in all respects treat them as the proprietary information of West* in accordance with all procedures reasonably necessary to protect WEST's proprietary rights in the Data and Information. In the event this contract is terminated in part, this license continues for the remaining portion of the contract.
>
> ii. All JURIS Users shall treat such Data and Information in all respects as such Data and Information are required to be treated in accordance herewith. DOJ shall include the terms, conditions and procedures

relative to protecting proprietary and/or confidential information in Sections H-6, H-7, H-8 and H-9 of this agreement in JURIS User Agreements.

B. WEST grants to Authorized JURIS Users and their employees a limited, nonexclusive, nontransferable license during the term of this agreement to use Data copyrighted (or copyrightable) by West, and Contributors, and Information accessed through JURIS in performance of their professional work. Except for the inclusion of data and information in JURIS (and except as provided in Section H-7.B), *any storage, reproduction, transmission, or transfer for consideration of any portion of the information, the data, or the data base is strictly prohibited.* DOJ represents and warrants that Data and Information will be made available through JURIS pursuant to JURIS User Agreements.

H-7 — OWNERSHIP AND DISSEMINATION OF THE LICENSED DATA AND INFORMATION

A. *WEST and Contributors shall remain the exclusive owners of all right, title and interest in the Data Base, the Data licensed hereunder, the Information and*

*all copyrights (and renewals thereof) heretofore or hereafter secured therein. All publication, dissemination and other rights in the Data Base, the Data and the Information licensed hereunder are reserved to WEST and Contributors* in all languages, formats and throughout the world for the sole and exclusive use or any other disposition by WEST and Contributors or their assignees or grantees at any time and from time to time without any obligation or liability to any User.

B. Users *shall not make any printout or other tangible form of retrieved Data available to any person other than an employee of a User without first obtaining a written agreement from such person* not to further disseminate such material. In the event a User is required to produce JURIS printouts containing Data and Information pursuant to a court order or under a controlling legal precedent in a Freedom of Information Act action, the User may do so provided that Section [H-]8 hereof is complied with.

Contract at 28, 69 (emphasis added).

DOJ argues that the terms of Sections H-6 and H-7 explicitly prohibit:

*Appendix B*

1. use of the West-provided data outside of the JURIS system;

2. use of the West-provided data by anyone other than authorized JURIS users;

3. transferring or assigning West-provided data;

4. storing, reproducing, transmitting or transferring for consideration any portion of the West-provided data;

5. distributing by JURIS users any printouts or other tangible forms of West-provided data without first obtaining a written agreement from such person not to further disseminate the West-provided data; and

6. further use of the West-provided data if the contract is terminated.

The gravamen of DOJ's argument is that it did not "control" the West-provided data because it was contractually prohibited from doing so; sections H-6 and H-7 preclude it from using, transferring and/or disposing of the data as it wants to. DOJ personnel could retrieve, copy, store and disseminate the data *only* under the terms and conditions of the governing contract.

Plaintiff counters with two arguments. First, Plaintiff attacks the validity of the 1988 contract in its entirety, arguing that the licensing provisions are "nothing more than an attempt by West to create a private copyright in public domain data in derogation of the Copyright Act." Pl. Opp. at 6. Plaintiff argues at considerable length that West does not "own" the data at issue, and "without any ownership interest, West has nothing to

'license.' " *Id.* Second, Plaintiff argues that even if the licensing provisions of the 1988 contract are valid, they apply only to the so-called "proprietary" data in the contract.

As to Plaintiff's first argument — that the entire 1988 contract is invalid — it is incorrect that West is claiming a "property interest" in the case law of the U.S. Courts and administrative regulations of government agencies. What West is claiming is an ownership interest in "the electronic products it has created," DOJ Motion at 9, namely, the *electronically formatted* case law, administrative decisions and other material that it provided to DOJ pursuant to the 1988 agreement. Making data "readable" for a software program (such as JURIS) takes considerable time and effort. The text of every opinion, administrative ruling, etc., must be formatted consistent with JURIS conventions, including text and file restrictions, paragraph indentations, centering of headings, and replacement of JURIS-unacceptable characters with an equivalent word or abbreviation. Plaintiff offers no support for its contention that West's contribution was soley "mechanical drudge- or machine-work." Pl. Opp. at 7.

And as Defendants properly point out, the public may still obtain public-domain material — i.e., non-West formatted material — from the government directly for nominal copying costs (e.g. through the clerk's office in a courthouse). The public may also obtain this material for free from libraries. In any case, Defendants correctly argue that the public does not have a right to the electronic format that West has created (at considerable expense) pursuant to its contract with DOJ.

West has not attempted to license "public domain" data, but rather its *electronic compilation* of public domain data, which

it is legally entitled to do. *See West Publishing Company v. Mead Data Central, Inc.*, 616 F. Supp. 1571, 1577 (D. Minn. 1985) (holding that West database is copyrightable because "while the data lies in the public sphere, the arrangement and pagination of this public material reflects the skill, discretion and effort of the person crafting the arrangement."), *aff'd* 799 F.2d 1219 (8th Cir. 1986), *cert. denied*, 479 U.S. 1070 (1987); *see also Callahan v. Myers*, 128 U.S. 617, 649 (1988) ("such work of the reporter, which may be the lawful subject of copyright, comprehends . . . that order of arrangement of the cases, the division of the reports into volumes, the numbering and paging of volumes . . ."). Thus, Plaintiff has failed to establish that the 1988 contract is invalid, and therefore that basis for arguing that DOJ "controlled" the West-provided data must fail.

Plaintiff's second argument focuses specifically on the language of the 1988 contract, which divides the data into two distinct categories, "proprietary" and "nonproprietary," *see* Contract at 28, 69. Plaintiff argues that West "owns" and controls only the data termed "proprietary." Thus, Plaintiff concludes, while DOJ may not control the "proprietary" data, it certainly controls the "non-proprietary" data, making that data an agency record, subject to disclosure under FOIA.

Defendants DOJ and West contest this, arguing that the terms "proprietary" and "nonproprietary" were never intended to classify the data or delineate any "ownership" interest, and that the history of the 1988 contract corroborates this.

In 1987, DOJ issued two Requests for Proposal (RFPs), one for West's copyrighted digests, the other for the text of judicial and administrative decisions. The first RFP was called

"proprietary" because it solicited West's copyrighted state and federal digests and two West Reporters, *Federal Rules Decisions*, and *Military Justice Reporter*, that only West could provide. The second RFP was called "nonproprietary" because it solicited electronic copies of judicial and administrative decisions in JURIS-ready format, which a number of companies could provide.

West won both RFPs, and a single contract award was made that combined the specifications of both RFPs. Because the contract combined two "statements of work" (the proprietary and non-proprietary databases), the parties continued to refer to them as "proprietary" and "nonproprietary," though that terminology did not describe ownership interests. In effect, Defendants argue that the terms "proprietary" and "nonproprietary" were merely shorthand terms for the separate databases covered in the contract. Defendants contend that "[b]oth parties to the Contract understood that the Contract contained two statements of work and that the [ownership and license] provisions applied to the entire Contract." DOJ Motion at 5.

The question is whether the licensing provisions apply to the entire contract or just to the so-called "proprietary" data. If the West license applies only to "proprietary" data, then DOJ clearly controlled the "non-proprietary" data and it is fully disclosable as an "agency record" under FOIA.

Although this is a question of fact, this Court may resolve factual disputes to determine the proper disposition of the 12(b)(1) motion. *Herbert v. National Academy of Sciences*, 974 F.2d 193, 198 n.6 (D.C. Cir. 1992); *Haase v. Sessions*, 835 F.2d 902, 906 (D.C. Cir. 1987); 5A C. Wright & A. Miller,

*Federal Practice and Procedure* § 1350, at 213. This Court is aware, however, that when it resolves a question of fact, "it must bear in mind what procedural protections could be required to assure that a full airing of the facts pertinent to a decision on the jurisdiction question may be given to all parties." *Herbert*, 974 F.2d at 198. Given the fact that the parties have fully briefed this issue in their Motions, Opposition and Replies, however, and even submitted supplemental briefs, the Court is confident that there has been a "full airing" of the facts necessary for a decision.

The contract is without doubt divided into sections termed "nonproprietary," Contract at 28 ("STATEMENT OF WORK: I. Non-Proprietary Data Bases") and "proprietary," Contract at 68 ("STATEMENT OF WORK: II. Proprietary Data Bases"). Unfortunately, both sections are also titled "SECTION C." Finally, the licensing provision at issue in this case, section H-6 ("Basic Data License"), applies to "the Data supplied to DOJ hereunder *pursuant to Section C* and all other information and materials supplied *in accordance with Section C*." Contract at 118. That the contract is not a model of precision states the obvious. Does section H-6 apply to *both* "Section C's" or only to the "Proprietary Data Bases" Section C?

Plaintiff argues that the language of the contract "can only apply to the second, 'proprietary' data section C." Pl. Supp. Mem. at 2. Plaintiff has little to support that reading, however, except for the somewhat conclusory assertion that because section H-6 contains the word "proprietary" in a few places, *see* Contract, section H-6 (A), it must apply only to the "proprietary" Section C. In response, DOJ argues that both parties "understood that the Contract contained two statements of work and that the remaining sections, including Section H's ownership and

licensing provisions, applied to the entire contract." DOJ Reply at 5.

The Court agrees with DOJ's reading of the contract. The specific references to "proprietary" in section H-6 do not appear to relate to either the "proprietary" Section C or the "nonproprietary" Section C. Section H-6 says only that JURIS users must treat *the data* as "proprietary," that necessary procedures must be used to protect West's "proprietary" rights, and that DOJ must protect "proprietary and/or confidential information." Contract, section H-6(A). That hardly demonstrates that the licensing provisions apply only to "proprietary" Section C.

Moreover, other parts of the contract demonstrate that section H-6 does apply to the entire database. Significantly, section H-7 of the contract, "Ownership and Dissemination of Licensed Data," — which directly follows H-6 — does not distinguish between "proprietary" and "non-proprietary" data, but instead applies to the entire database provided by West. "WEST and Contributors shall remain the exclusive owners of all right, title and interest in the Data Base, the Data liscensed hereunder." Contract, section H-7(A).

Plaintiff's only evidence for its reading of the contract is the use of the word "proprietary" in Section H-6. However poorly drafted the contract may be, a fair and reasonable reading of the document compels the conclusion that the Section H-6 licensing provisions apply to the entire contract. Thus, the Court rejects Plaintiff's claim that DOJ controlled the "non-proprietary" portion of the West-provided data. The licensing and ownership provisions applied to the entire contract.

*Appendix B*

In summary, the Plaintiff has failed to demonstrate that DOJ controlled the West-provided data. The 1988 contract does not copyright public domain data, and the contract's licencing provisions, which greatly restrict DOJ's right to use the data, applied to both "proprietary" and "non-proprietary" data.

It is those licencing provisions which convinces the Court that DOJ did not "control" the database to the extent required to make it an "agency record" under governing law. Under the terms of the contract, the West-provided data could not be (1) used outside the JURIS system; (2) used by anyone other than authorized JURIS users; (3) transferred or assigned; (4) stored, reproduced, transmitted or transferred for consideration; (5) distributed by JURIS users without obtaining a written agreement from the transferee not to further disseminate it; and (6) used in any way once the contract was terminated.

Thus, although DOJ certainly possessed the West-provided data, its right to use, transfer and/or dispose it was greatly restricted, and thus DOJ did not "control" the data in any common sense reading of that word. Surely, the data was not "subject to the free disposition" of DOJ. *Goland*, 607 F.2d at 347.

Finally, the West-provided data is not the type of information that Congress, in enacting the FOIA, intended to make available to the public. As the Supreme Court has stated, "[t]he basic purpose of [the] FOIA is to ensure an informed citizenry, vital to the functioning of a democratic society, needed to check against corruption and to hold the governors accountable to the governed." *NLRB v. Robbins Tire & Rubber Co.*, 437 U.S. 214, 242 (1978) (citation omitted). FOIA promotes the disclosure of information that will inform the public about what

the executive branch is doing; that is, to reveal "official information" about the structure and the operation of agencies. *Department of Justice v. Reporters Committee for Freedom of Press*, 489 U.S. 749, 733 (1989). *Forsham v. Harris*, 445 U.S. 169, 186 (1980). In this case, Plaintiff is not seeking information about the structure, operation, or decision-making procedures of the Department.[11] Preventing access to this database does not permit DOJ to insulate itself from public scrutiny of its operations and regulatory decisions. The West-provided data does not provide information about the conduct of DOJ, and the disclosure of the data would not shed light on the conduct of any agency or official. *See Reporters Committee*, 489 U.S. at 733.

## VI. *Conclusion*

For the reasons discussed above, the West-provided data in JURIS is not an "agency record" under FOIA and this Court lacks jurisdiction to compel Defendant DOJ to disclose the information sought by Plaintiff.

Accordingly, Defendant DOJ's Partial Motion to Dismiss and Defendant-Intervenor West's Motion to Dismiss are **granted**.

Jan. 16, 1996
Date

s/ Gladys Kessler
Gladys Kessler
U.S. District Judge

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11. Plaintiff's complaint states that the reason it seeks disclosure of the database is to provide the public with access to the legal material in electronic form. Pl. Complaint, ¶ 20. As already discussed, the public has access to the legal materials themselves, and West has an ownership interest in the electronic form of those legal materials.

*Appendix B*

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## APPENDIX C — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT FILED APRIL 10, 1997

UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 96-5109

September Term, 1996
94cv00043

Tax Analysts,

Appellant

v.

Department of Justice and West Publishing Corporation,

Appellees

BEFORE: Silberman, Williams and Rogers, Circuit Judges

ORDER

Upon consideration of appellant's petition for rehearing filed March 6, 1997, and of the responses thereto, it is

ORDERED that the petition be denied.

*Per Curiam*

FOR THE COURT:
Mark J. Langer, Clerk
BY: s/ Robert A. Bonner
Robert A. Bonner
Deputy Clerk